
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Treasurers, Software Providers, and Print Vendors

FROM: Tim Jorczak, Director of Policy and Intergovernmental Affairs

SUBJECT: County Treasurer's Tax Statement (TS-1) for 2009

DATE: February 11, 2009

IC 6-1.1-22-8.1 requires the Department of Local Government Finance ("Department") to prescribe the county treasurer's property tax comparison statement, or the "TS-1."

Under the statute, the TS-1 is required to contain important information about a taxpayer's current and historical property tax liability. The form is designed for the county to supply to taxpayers basic information about their assessed value, gross property tax rate, deductions, and related information for the current year and for prior years. This form is designed, as well, to contain all of the information contained in the Form 11 Notice of Assessment.

Changes from 2008 TS-1

Many of the changes for this year were made as a result of conversations with local officials and vendors in order to make the process as easy and user-friendly as possible. Moving forward, the Department looks forward to working with counties, software providers, and print vendors to ensure this process continues to work smoothly.

A primary change in the TS-1 is the addition of a third year of tax data. This change is important because the property tax reform passed in HEA 1001-2008 is being implemented over a two-year period (2008-2009). Since the transition affects each county differently, some counties saw large tax bill decreases in 2008, and others will see it in 2009. Displaying data from 2007, 2008, and 2009 allows taxpayers to see the cumulative impact of the property tax reform over the full implementation period.

In Table 1, the Department has supplemented the assessed valuation information to include the gross assessed value of the land and improvements associated with the parcel. Line 2b adds the new State Homestead Supplemental Deduction to the form. Circuit Breaker information, except for the new 65 & Over Credit, has been moved to the newly-created Table 2. (More information follows below.) Overall, the spirit of the informational statement and Table 1 has been modified to include only information about the parcel's property tax liability; therefore, overdue charges and the subtotal of other assessments have been moved from Table 1 to the remittance coupon. (See below for more information.)

The newly-created Table 2 is designed to give taxpayers more specific information about the property tax caps applicable to their property. The first line contains the total of the cap values for the property. The second line is the amount of tax revenue applied to the property that is outside of the property tax caps. The final line is the taxpayer's maximum possible tax liability. Table 3 displays gross distributions of the tax revenue generated by the target property. Preparers will notice that the property tax rates themselves for each unit are no longer displayed; rather, direction is given below the table to describe how this rate is calculated. Finally, the Department has changed the calculation for the "Percent Difference" columns in this table to reflect the year-over-year change to each unit's *distribution* rather than each unit's *contribution* to the overall tax bill change, as was the case last year.

Remittance Coupons

Similar to last year, the Department will allow counties to format remittance coupons in accordance with their mail and payment processing needs; however, the Department still requires that some minimum criteria be met.

Specifically, coupons must contain the information outlined in the suggested coupon format attached to this document. This information includes the name and address of the property owner, payment due date, parcel number, and legal description. In addition, the remittance coupon will be the location of any late payment penalties and interest owed by the taxpayer. The Department also requests that the same or substantially similar language regarding the addition of late payment penalties (see the top of the suggested remittance stub for the preferred language) be included.

While the Department will be giving a great amount of flexibility in the arrangement of the coupons, care should be taken to avoid adding substantially duplicative information on the coupons. Simplicity and clarity on the remittance coupon is paramount.

Approval and Formatting

Effective this year, the Department will be the sole agency approving tax statements. Each county should send proofs of their tax bills to the Department for approval prior to submission to their printer. The State Board of Accounts will no longer be reviewing TS-1 forms.

There is no specified color for this document. Counties are free to print either in color or in black and white. Very minor modifications can be made upon request to the Department when the document is submitted for approval.

Calculations

Included along with the document format are the State-approved calculation methodologies for all of the fields in the document. In addition, we have included a presentation that answers some common questions on property tax credits and deductions.

Preparers should note that standard procedures generally apply to the calculations. With the advent of the three-tiered cap system, however, there will be limited cases where a single deduction crosses two or more tiers of property (for example, the mortgage deduction). When this occurs, the practice should be to allocate the deduction to the lowest property tax percentage tier first, then to the next highest tier in the event of any excess.

For questions about the approval process or about the TS-1 in general, please contact Tim Jorczak, Director of Policy and Intergovernmental Affairs, at tjorczak@dlgf.in.gov or (317) 234-5675.